

TRANSMITTAL SLIP	DATE
	24 Mar 83
TO: [REDACTED], A/NIO/E	

25X1

TRANSMITTAL SLIP	DATE
	24 Mar 83
TO: [REDACTED] OGI/ECD/IA	

25X1

TRANSMITTAL SLIP	DATE
	24 Mar 83
TO: [REDACTED] OGI/ECD/TW	
ROOM	
3G46	Hqs.
REMARKS:	
FROM: Harry Rowen, C/NIC	
ROOM NO.	BUILDING
7E62	Hqs.
EXTENSION	
[REDACTED]	

25X1

FORM NO. 241
1 FEB 55REPLACES FORM 36-8
WHICH MAY BE USED.

(47)

25X1

● Confidential ●

I. Overview of Political and Strategic Consequences

A. By putting pressure on political/economic systems of key countries, the debt situation could harm our foreign policy interest in the following areas:

1. Regional peace and security.

Illustrations:

- a.** Egypt, Sudan in Middle East
- b.** Venezuela, the Caribbean and Central America
- c.** Argentina
- d.** Nigeria in Africa

2. North-South Economic Relations

Illustrations:

- a.** Commodities
- b.** Debt Moratorium
- c.** Developing resentment against West

II. Bilateral Problems and Instability in Key Countries

A. Economic pressures in key countries could produce problems that could adversely affect our bilateral relationship and/or spread beyond their own borders.

- 1.** Proliferating requests for assistance combined with our limited resource capability to respond could strain bilateral relationships, thereby jeopardizing political/security interests (military bases, communications facilities).
- 2.** Government changes possibly with widespread disorder.
- 3.** External hostility to divert attention from domestic problems.

III. Finding solutions to problems requires cooperation with Western and Japanese allies

- A.** In organizations and meetings such as the Williamsburg Summit, the IMF, UNCTAD, GATT.
- B.** In specific countries which impact directly on allies interests.

Confidential

Confidential

- 2 -

IV. Eastern Europe and Yugoslavia

- A. Contrast political implications of Eastern European debt problem with those of LDC financial difficulties.
 - 1. Policy of differentiation among them guides U.S. response.
 - 2. Divergent interests/objectives among allies complicates cooperative effort.
- B. Yugoslavia assistance effort as example of successful Western collaborative effort.

Confidential